2006
Investment and Economic Analysis
Industry, Tourism and Investment

NWT Economic Trends

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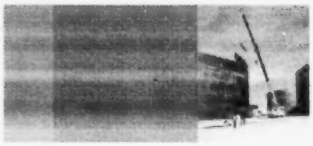
NWT Labour Force Activity



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Statistics Canada estimated that in October 2005 there were approximately 22,800 people employed out of 31,600 who were 15 years of age or older in the NWT. This translates into an employment rate of 72.2% for the month. Although this rate is the highest in Canada, it did decline from September's rate of 73.3%.

There were approximately 1,200 people unemployed in October in the Northwest Territories, a decrease from 1,400 in September. This may be the result of seasonal workers leaving the labour force for a variety of reasons. The overall unemployment rate for the Northwest Territories in October stood at 5.0%; this compares to 5.9% for Ontario, 3.8% for Alberta, 4.3% for the Yukon and 6.1% for Canada. (Raw Data - not seasonally adjusted)

On an annual basis, since October 2001, the number of people employed in the NWT has been steadily increasing. In 2001, there were 20,700 people employed in the NWT; in 2005 the number of people employed was 22,800. For the same period, the employment rate increased from 71.4% to 72.2%.

With employment increasing, we would expect unemployment to be decreasing, and this is indeed the case. Since October 2001, the number of unemployed has decreased from 1,600 to 1,200 in October 2005. This represented a decrease of 25% for the period.

Table One: NWT Labour Force Activity, October 2005

Labour Force Activity - Northwest Territories					
	Pop. 15 and Over	Employed	Unemployed	Unemployment Rate	Employment Rate
Oct-05	31,600	22,800	1,200	5.0	72.2
Sep-05	31,500	23,100	1,400	5.7	73.3
Previous Years:					
Oct-04	30,800	22,300	1,100	4.7	72.4
Oct-03	30,200	21,500	1,500	6.5	71.2
Oct-02	29,500	21,700	1,500	6.5	73.6
Oct-01	29,000	20,700	1,600	7.2	71.4

Source: NWT Bureau of Statistics - NWT Labour Force Activity, October 2005

Northwest Territories Industry, Tourism and Investment

(867-873-7361)
http://www.gov.nt.ca/iti/iea/index.htm

Consumer Price Index for Yellowknife

A consumer price index provides a statistical measure of the average change in prices of goods and services for a period. As shown in the table below, the "all-items" consumer price index for Yellowknife in October 2004 was 120.7. By October 2005, the price index had increased to 125.0 representing an increase of 3.6% over one year. By comparison, the annual price increase was 2.6% for Canada, 3.5% for Edmonton and 3.1% for Whitehorse.

Prices for fuel increased by 14.2% between September and October of this year. In contrast, the recreation, education and reading component experienced lower prices at 1.8% and for the transportation component at 0.1%. Prices for household operations and furnishings, health and personal care and alcoholic beverages and tobacco products were unchanged from September.

From October 2004 to October 2005, the price of:

- water, fuel and electricity increased by 20.3%
- shelter increased by 5.4%
- transportation increased by 5.0%
- food increased by 4.4%.

From September 2005 to October 2005, the price of:

- water, fuel and electricity increased by 6.0%
- clothing increased by 3.1%
- food by 1.4%
- recreation, education and reading declined by 1.8%.

Table Two: All-Items Consumer Price Index

All-Items Consumer Price Index (1992 = 100)					
				% Change from:	
	2005 Oct	2005 Sep	2004 Oct	2005 Sep	2004 Oct
Yellowknife	125	124.5	120.7	0.4	3.6
Whitehorse	125.6	125.6	121.8		3.1
Canada	128.5	129.1	125.2	-0.5	2.6
Edmonton	134.3	134.8	129.8	-0.4	3.5

Source: NWT Bureau of Statistics - Consumer Price Index October 2005

Consumer Price Index for Yellowknife (Con't)

Table Three: Consumer Price Index, Selected Indexes

Consumer Price Index, October 2005					
Selected Indexes, Yellowknife (1992 = 100)					
			% Change from:		
	2005 Oct	2005 Sep	2004 Oct	2005 Sep	2004 Oct
All Items	**125.0**	**124.5**	**120.7**	**0.4**	**3.6**
Food	**125.2**	**123.5**	**119.9**	**1.4**	**4.4**
Food from Stores	124.2	122.6	120.0	1.3	3.5
Food from Restaurants	129.0	127.1	121.2	1.5	6.4
Shelter	**125.5**	**123.9**	**119.1**	**1.3**	**5.4**
Water, Fuel, Electricity	177.8	167.7	147.8	6.0	20.3
Household Operations and Furnishings	**108.1**	**108.1**	**106.2**	**N/A**	**1.8**
Household Operations	115.2	114.8	112.1	0.3	2.8
Household Furnishings	95.9	96.6	96.2	-0.7	-0.3
Clothing and Footwear	**104.6**	**102.6**	**102.8**	**1.9**	**1.8**
Clothing	103.5	100.4	101.2	3.1	2.3
Footwear	99.9	99.8	97.8	0.1	2.1
Clothing Accessories and Jewellery	111.1	110.9	114.0	0.2	-2.5
Clothing Material, Notions and Servic	109.2	109.2	106.3	N/A	2.7
Transportation	**146.5**	**146.6**	**139.5**	**-0.1**	**5.0**
Private Transportation	134.5	134.3	127.4	0.1	5.6
Public Transportation	195.0	198.1	191.1	-1.6	2.0
Health and Personal Care	**116.7**	**116.7**	**117.0**	**N/A**	**-0.3**
Health Care	119.5	120.0	120.0	-0.4	-0.4
Personal Care	114.5	114.2	114.7	0.3	-0.2
Recreation, Education and Reading	**112.2**	**114.3**	**112.5**	**-1.8**	**-0.3**
Recreation	100.0	101.8	100.1	-1.8	-0.1
Education and Reading	190.4	193.8	192.1	-1.8	-0.9
Alcoholic Beverages and Tobacco Products	**164.9**	**164.9**	**162.7**	**N/A**	**1.4**
Alcoholic Beverages	139.1	139.1	138.3	N/A	0.6
Tobacco Products	187.6	187.6	183.6	N/A	2.2

Source: NWT Bureau of Statistics - Consumer Price Index October 2005

Gross Domestic Product

The NWT once again lead Canada in GDP growth in 2004

As illustrated in table four below, the Northwest Territories once again had the highest GDP growth rate in Canada for 2004. GDP growth greatly exceeded that of every other province/territory in Canada.

The GDP grew from $3.7 billion in 2003 to $4.2 billion in 2004, a 13.4% increase. This is the first time that the GDP of the NWT has exceeded the $4 billion level, and the GDP of the NWT now exceeds that of Prince Edward Island. The provinces with the next highest growth rates were Saskatchewan, Alberta, British Columbia, and Newfoundland and Labrador were 9.9%, 9.3%, 7.7% and 7.2% respectively.

The major engine of NWT growth was investment. Increased exports also contributed as diamond production increased by 35% to more than $2.1 billion. This growth in diamond sales and investment also fuelled growth in all sectors of the territory's economy. With increased investment there was a corresponding increase in imports, as the NWT has a small manufacturing sector.

Table Four: Gross Domestic Product at Market Prices

Gross Domestic Product at Market Prices, 2003-2004			
Canada, Provinces and Territories			
Current Dollars (millions)			
	2004	**2003**	**Percent Change**
Canada	1,290,185	1,216,191	6.1%
NT	4,174	3,680	13.4%
NU	1,055	991	6.5%
YT	1,412	1,332	6.0%
BC	157,241	145,948	7.7%
AB	187,152	171,175	9.3%
SK	39,999	36,394	9.9%
MB	39,990	37,719	6.0%
ON	517,407	493,345	4.9%
PQ	265,063	252,367	5.0%
NB	22,976	22,179	3.6%
NS	29,879	28,715	4.1%
PEI	4,023	3,845	4.6%
NL	19,433	18,131	7.2%

Source: NWT Bureau of Statistics - Gross Domestic Product, Northwest Territories 2004

Private and Capital Expenditures for 2004

Total capital investment in the Northwest Territories for 2004 was estimated at $1.2 billion. This was quite an increase from the 2003 level of $816.7 million; an increase of 46% from last year.

Future expectations are equally high. Total capital investment for 2005 is projected at $1.6 billion; an increase of 36% over 2004.

Once again the private sector fuelled investment growth accounting for $1,021 million; representing 86% of all capital expenditures. In comparison, the public sector accounted for only $168 million of capital investments.

Both private and public investment can be further broken down into "construction" and "machinery and equipment." As highlighted in table five, a majority of capital expenditures were made in construction. In 2003 construction expenditures accounted for $678.3 million of total capital expenditures. Machinery and equipment accounted for $138.4 million. In 2004, construction accounted for $930.3 million of total capital expenditures representing 78% of all expenditures.

As would be expected, the "mining" and "oil and gas" industries dominated capital expenditures. The industries accounted for $757.8 million of capital expenditures for 2004, an increase of 71% from 2003. **Projections for 2005 indicate that capital expenditures are expected to increase tremendously once again to $1,183 million; a projected growth rate of 56%.**

Table Five: Total Capital Expenditures 2002-2004

Capital Expenditures			
Northwest Territories (In millions of $'s)			
	2002	2003	2004
Total Capital Expenditures	***$1,350.3***	***$816.7***	***$1,189.5***
Construction	$1,049.0	$678.3	$930.3
Machinery and Equipment	$301.3	$138.4	$259.2
Private	***$1,163.3***	***$673.6***	***$1,021.5***
Construction	$891.7	$564.5	$795.8
Machinery and Equipment	$271.6	$109.1	$225.7
Public	***$187.0***	***$143.1***	***$168.0***
Construction	$157.3	$113.8	$134.5
Machinery and Equipment	$29.7	$29.3	$33.5

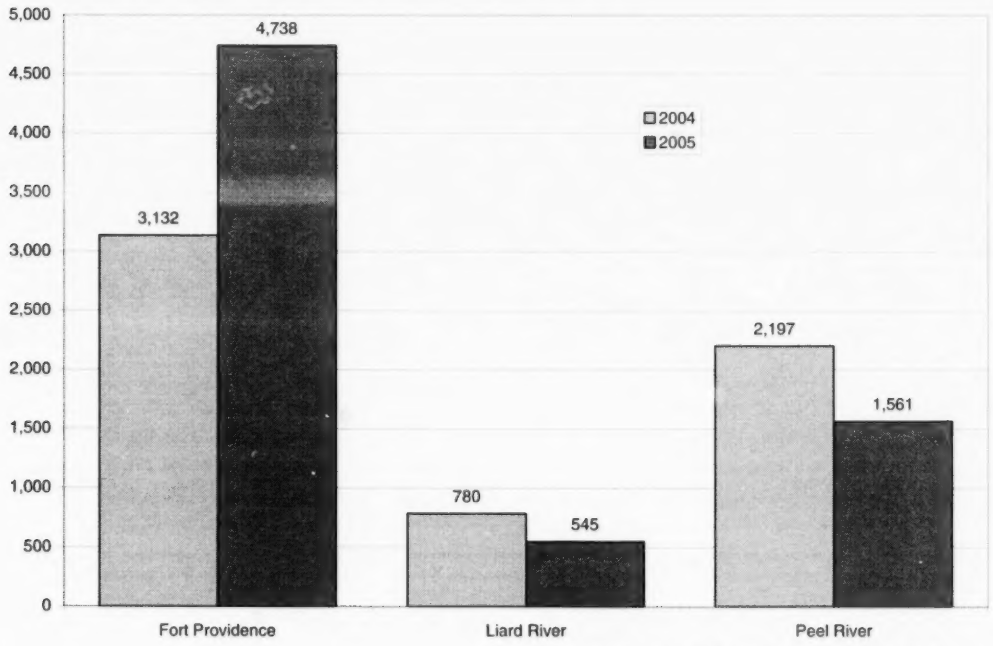
Source: NWT Bureau of Statistics - Private and PublicCapital Expenditures, 2005 Intentions

Overall Rubber Tire Tourism Up in 2005

In the summer, most vacation visitors to the Northwest Territories travel by vehicle. The Department of Industry, Tourism and Investment monitors trends in rubber tire tourism by counting vehicles at four ferry crossings and recording origin by licence plate. Comparing the counts between years for the months of May through September provides a good indicator of trends in leisure visitation to the NWT during this peak travel period.

Our preliminary information for the summer of 2005 (May through August) shows an overall increase of 12 percent in road touring compared to the same period in 2004. However, results by region show big differences. The North Slave region was up by 26% and the Dehcho and Inuvik regions were down 37% and 33% respectively. The ferry at Fort Providence counts vehicles entering the North Slave, the ferry at Fort Liard counts vehicles entering the Dehcho and the ferry at the Peel River counts vehicles entering the Inuvik region.

Graph One: Summer Rubber Tire Tourism, 2004-2005



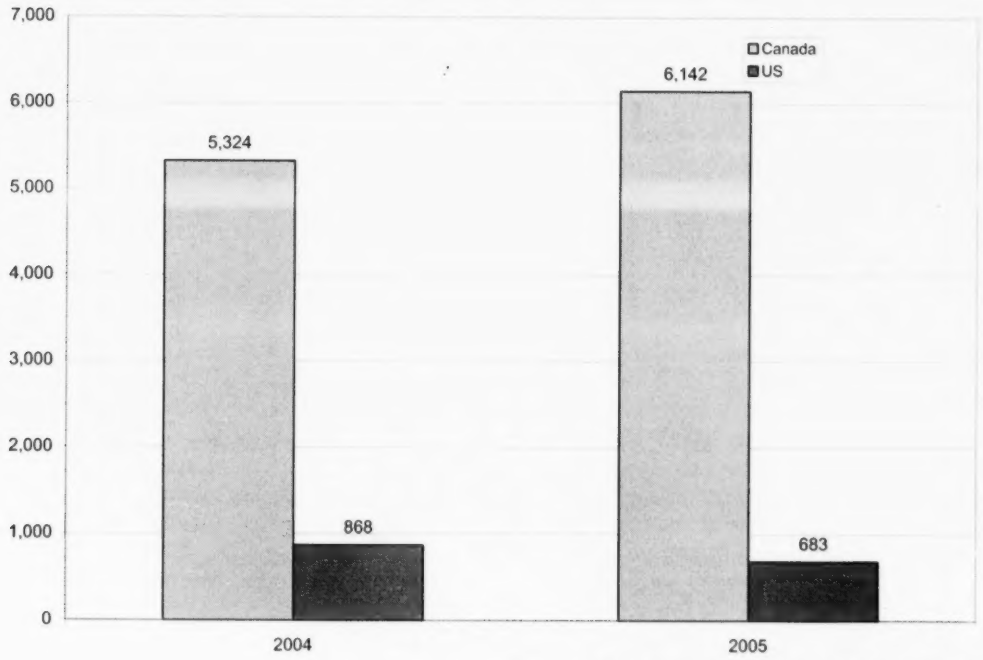
Source: Department of ITI - 2005 Ferry Counts

Overall Rubber Tire Tourism (Con't)

By country of origin, for 2005 overall, there was a marked decline in visitors from the United States but a comparatively strong increase in Canadian visitors. Visitors from Canada increased by 15% from 2004 to 2005; from 5,324 visitors to 6,142 visitors. The number of visitors from the United States actually decreased by 21% for the same period from 868 to 683. Although visitors to the NWT from the United States declined, overall numbers increased and there is marked variation by destination region.

When the data is broken down into destinations within the Northwest Territories, the only region that experienced an increase in both Canadian and American visitors was the North Slave region. Canadian visitors increased from 2,943 in 2004 to 4,417 in 2005; an increase of 50%. American visitors increased from 186 to 321 for the same period. In contrast, both the Dehcho and Inuvik regions experienced declines in both levels of Canadian and American visitors.

Graph Two: Number of Visitors to the NWT by Origin, 2004-2005



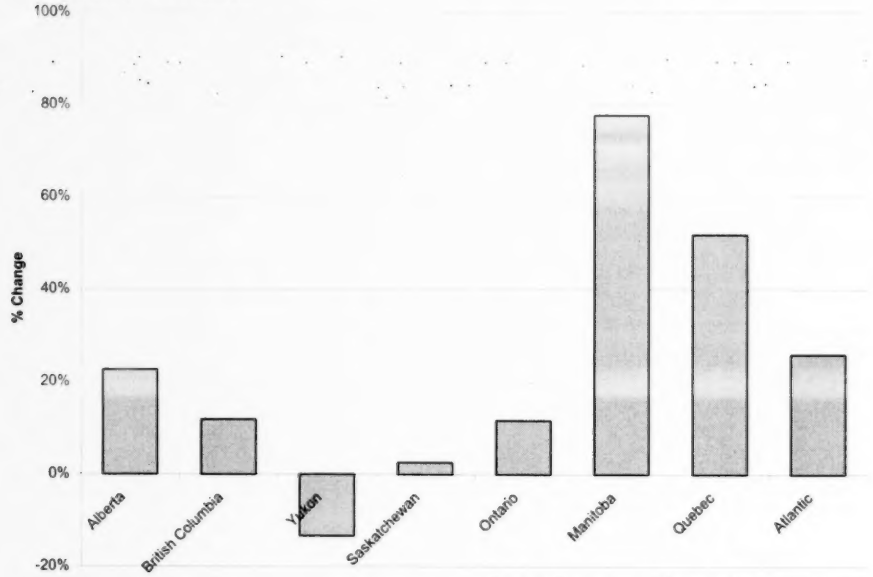
Source: Department of ITI - 2005 Ferry Counts

Canadian Visitors by Province of Origin

All provinces or Canadian regions showed increases in visitation to the NWT except for the Yukon. While the changes in absolute numbers were largest for Alberta and BC, the proportional increases were particularly strong for Manitoba, Quebec and the Atlantic region of Canada.

The decline in Yukon numbers may be the result of a decline in German visitation as opposed to Yukon residents. A large portion of traffic to the NWT from the Yukon are comprised of Germans who have rented vehicles in the Yukon to drive the Dempster Highway.

Graph Three: Percentage Change in Canadian Visitors by Province of Origin, 2003/2004 - 2004/2005



Source: Department of ITI - 2005 Ferry Counts

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